

## Investigating an EIFD for Mammoth Lakes

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# + Where we last left off...

## ■ Takeaways from the Main Street Plan/Feasibility Study

- Establish strategic tools and mechanisms now that will facilitate the vision long-term
- Prime the pump for development by investing in critical public infrastructure that will encourage private sector investment

## ■ A Need to Fund...

- Parking and access
- Infrastructure and amenities
- Snow removal/maintenance
- Activation and management

## ■ Primary Tools to Explore

- **Infrastructure Financing District (IFD)**
- Property-Based Improvement District (PBID)

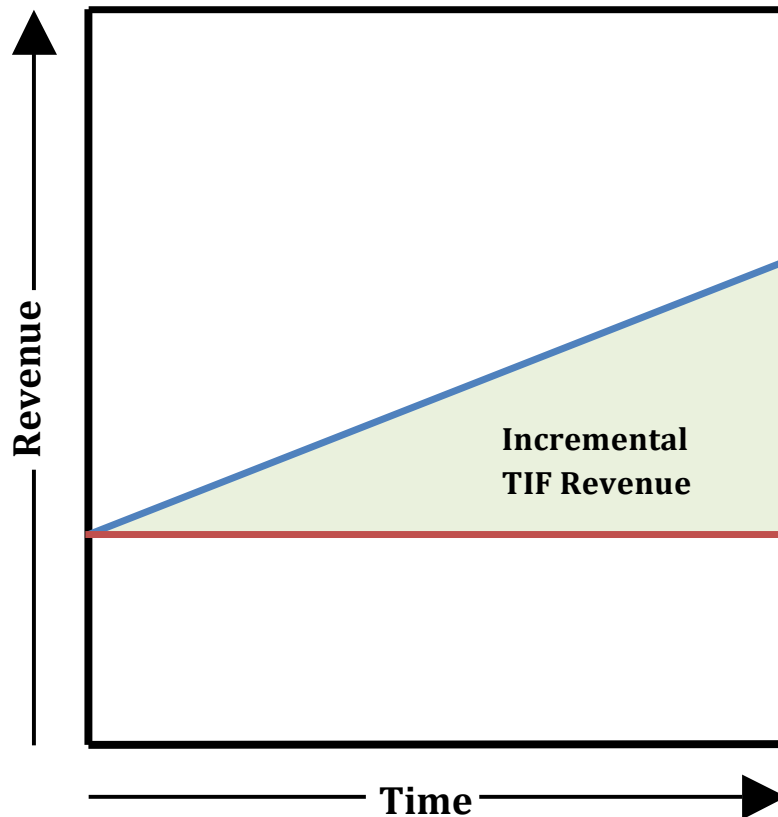
## TOWN OF MAMMOTH LAKES MAIN STREET PLAN



FINAL PLAN | FEBRUARY, 2014



# IFDs/EIFDs are TIF Districts



— = Base Year Property Tax Dollars

— = Future Increase in Property Tax Dollars

**TIFs are NOT a special assessment...**

**Rather they redirect future incremental increases in property tax revenue, to be reinvested in a place.**



# Senate Bill No. 628 (Ch. 785): Enhanced IFDs (EIFDs)



- Approved by the Governor 9/29/14
- No EIFDs yet exist, and only a handful of IFDs exist
- Some key differences...

IFD (1990 law)	EIFD (2014 law)
<ul style="list-style-type: none"><li>• Required 2/3 voters to create and to bond</li></ul>	<ul style="list-style-type: none"><li>• Requires no vote to create and 55% vote to bond</li></ul>
<ul style="list-style-type: none"><li>• Allowed to exist for 30 years from date of adoption</li></ul>	<ul style="list-style-type: none"><li>• Allowed to exist from 45 years from date of issuance of bonds</li></ul>
<ul style="list-style-type: none"><li>• Town Council is governing body</li></ul>	<ul style="list-style-type: none"><li>• Separate authority is governing body</li></ul>



# (E)IFDs are Different to Redevelopment



- In 2012, the CA legislature voted to dismantle redevelopment and redevelopment authorities
- There are key differences that make the IFD – in some ways – a more accountable tool
  - Finding of blight was enough to allow for Redevelopment Authority; E(IFDs) don't require that, but do require voter support
  - In an (E)IFD all taxing bodies have to negotiate participation; no ability to take revenue from education (RDAs collected all increment)
  - (E)IFDs are time-limited; RDAs were not
  - (E)IFDs require a specific plan; RDAs did not
- **(E)IFDs are a more restricted, but more accountable tool...**



# Where the Money Comes From



- Primary participants in (E)IFDs are cities/towns, counties and special districts
  
- **(E)IFDs do not automatically get all incremental property taxes**
  - Each public agency/district must agree to the amount of tax increment they will contribute
  
- (E)IFDs cannot take revenue from:
  - K-12 school districts
  - Community college districts
  - County offices of education



# What an (E)IFD Can Fund



- Only public facilities or other specified projects of **communitywide significance** that provide benefits to the district or the surrounding community
- The district **CAN FUND** planning and design work
- The district **CANNOT FUND** routine maintenance, repair work, or the costs of ongoing operations or providing services of any kind



# What an (E)IFD Can Fund



- Facilities **need not be physically located within the boundaries** of the district.
  - BUT any facilities financed outside the district must have a tangible connection to the work of the district.
- Up to 10% of tax increment generated in the first 2 years of the EIFD may be used for planning and public education activities.
- The agency forming the EIFD may loan funds to the district and reimburse itself through future tax increment.





# EIFD Creation



## ■ Step 1: Create an EIFD Authority

- The legislative body must establish a public financing authority to be the governing board of the EIFD
- This authority must be comprised of members of the legislative body of the participating entities and of the public (min. 2 people)
- This agency shall be a local public agency pursuant to open records acts

**This authority must be established prior to the adoption of a resolution to form an EIFD and infrastructure financing plan.**



# EIFD Creation



## ■ **Step 2: Adopt Resolution of Intent to Form an EIFD**

- Once the authority is established, a resolution of intention to form an EIFD is adopted that includes, among other things:
  - Boundaries of the district
  - Type of public facilities and development proposed to be financed or assisted by the district
  - Need for the district
  - Goals the district proposes to achieve
- Then, time and a place is fixed for a public hearing on the EIFD (notice sent to each land owner, taxing body)



# EIFD Creation



## ■ **Step 3: Develop an Infrastructure Financing Plan**

- Details included on following slides
- Plan is sent to each owner of land in the district, and each affected taxing entity as well as to the planning commission and the legislative body
- Meetings and consultation with each affected taxing entity, who may suggest revisions to the plan. A resolution approving the plan must be adopted by the governing body of each affected taxing entity and filed with the legislative body prior to the hearing.
- The legislative body must conduct a public hearing prior to adopting the plan (no sooner than 60 days after the plan has been sent to each affected taxing entity)
- Resolution created adopting the plan



# What the Infrastructure Financing Plan Includes



- Map of the district
- Description of the facilities and financial assistance proposed, including those to be provided by the private sector, those to be provided by governmental entities without assistance by the IFD, those public improvements and facilities to be financed with assistance from the proposed district, and those to be provided jointly.
- Proposed location, timing, and costs of the development and financial assistance.
- A finding that the development and financial assistance are of communitywide significance
- The goals of the district



# What the Infrastructure Financing Plan Includes



- A financing section including:
  - The tax revenue each affected taxing entity will commit to the district for each year of the TIF. Portions need not be the same, and may change over time.
  - A projection of the amount of tax revenues expected to be received by the district each year
  - A plan for financing the public facilities to be assisted by the district, including a detailed description of any intention to incur debt
  - An analysis of the costs to the city or county of providing facilities and services to the area of the district while the area is being developed and after the area is developed.
  - An analysis of the projected fiscal impact of the district and the associated development upon each affected taxing entity.



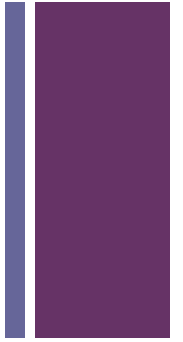
# Bonding Against EIFD Funds



- Bonds may be issued **if 55% of the qualified electors voting on the proposition vote in favor of issuing the bonds.** Qualified electors are:
  - If at least 12 persons are registered to vote within the territory of the district, they are the qualified electors, with each voter having one vote
  - Otherwise, the landowners of the district are the voters with each having one vote for each acre or portion of an acre of land owned within the district
- If the bond issue fails, cannot go to the voters again for at least one year
- The bonds are not a debt of the town, county, state or other political subdivisions – only the district



# Redevelopment Areas/EIFDs



- IFD can fund projects within former redevelopment project areas
- Any former redevelopment project areas must be wound down before an IFD could be created in the same area
- Each would-be EIFD creator must first receive of Department of Finance “finding of completion” regarding assets managed by the successor agency for its former redevelopment agency



# Case Study: West Sacramento Bridge District (2014)

- IFD established to fund riverfront improvements, parking garages, streetcar, parks, affordable housing
- \$144m anticipated by 2036/2037 (Current A/V = \$133m)
- In W. Sacramento, the City was the only taxing entity in the IFD – gave 100% increment
- Under the classic IFD structure, took about 6 months to create – included a landowner election



The Bridge District: "Before"  
City of West Sacramento  
May 8, 2009



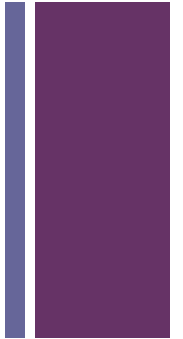
The Bridge District: "After"  
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## Case Study:

# West Sacramento Bridge District (2014)

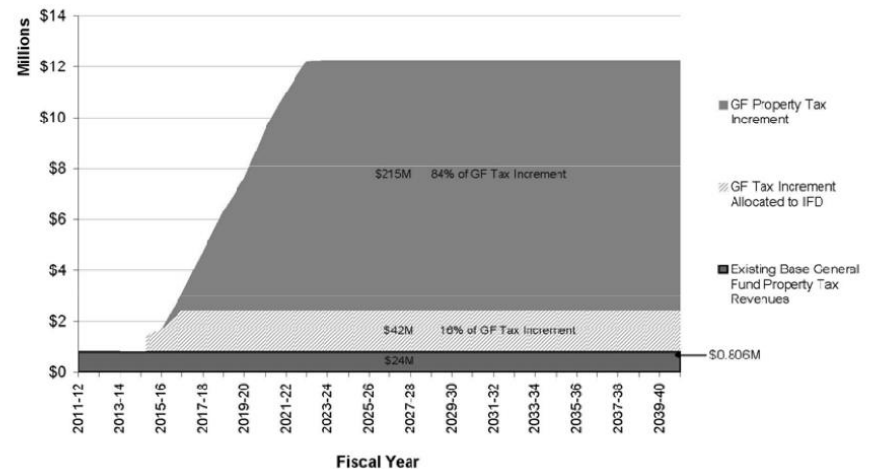


- Everything available to be funded under IFD law was written in for authorization (even though only some of there will probably be utilized)
- Voters approved bonding of \$500 million over life of IFD
- 30 year term (max with IFD law)
- City is overseeing use of IFD funds
  - IFD doesn't have independent created agency (enhanced IFDs provide for separate board)



# Case Study: Rincon Hill IFD (2010/2011)

- New infrastructure to support residential and commercial development (streets, alleys, parks)
- Property value of \$142m in 2010/2011 (base year); \$2billion aggregated property value after new development
- IFD would divert 16% cumulative over 3-year life
  - 100% at first (to jumpstart investment)
  - 30% by year 8
  - 14% by year 12
- Use of IFD funds limited to projects where are source of long-term maintenance is identified





# (E)IFDs: Lessons Learned



- Can you create a big enough district to generate enough tax increment?
- Worthwhile (E)IFDs are attractive to City, County, special districts – must create a package they see value and benefit in – what will these agencies care about?
- No vote requirements to form the (E)IFD, but if planning to issue bonds, will want to shape the district to attract the 55% vote
- The (E)IFD can be formed with differing levels of increment – it's a flexible tool in that regard
- Ultimately (E)IFDs are narrow; need to be leveraged with other sources to make an impact – can serve as a platform for multiple funding sources



# Considerations for Mammoth Lakes

- Boundaries
- Taxing Authority Negotiations
- Funding Priorities
- IFD Communications
- Timelines
- Governance





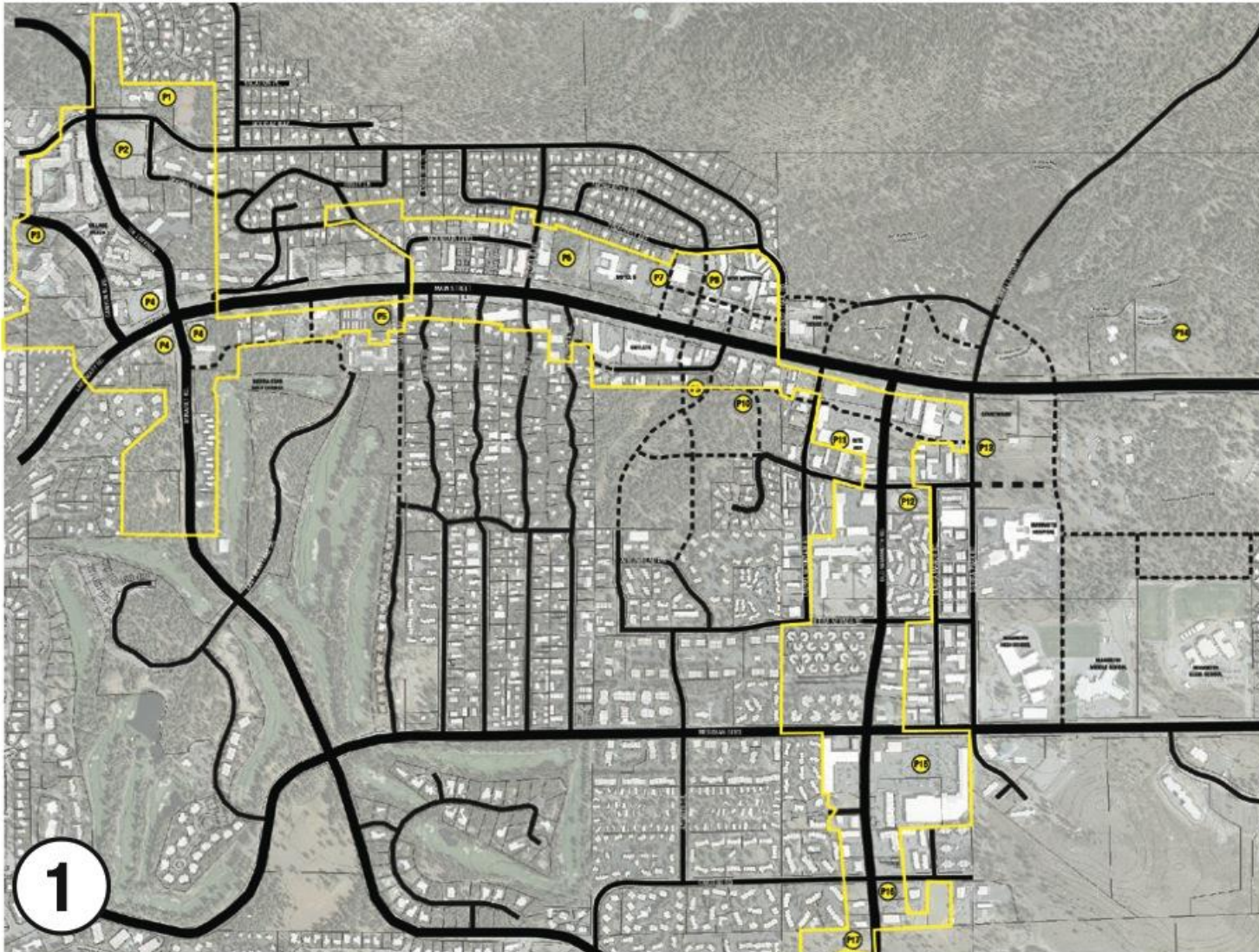
# Potential (E)IFD Boundaries



- Areas don't have to be contiguous
- Boundary considerations:
  - Receptivity of stakeholders (i.e. voters – residents vs. landowners)
  - Receptivity of taxing bodies to these approaches
  - A high-level look at revenue generation potential from each
  - Timing of new development coming out of the ground



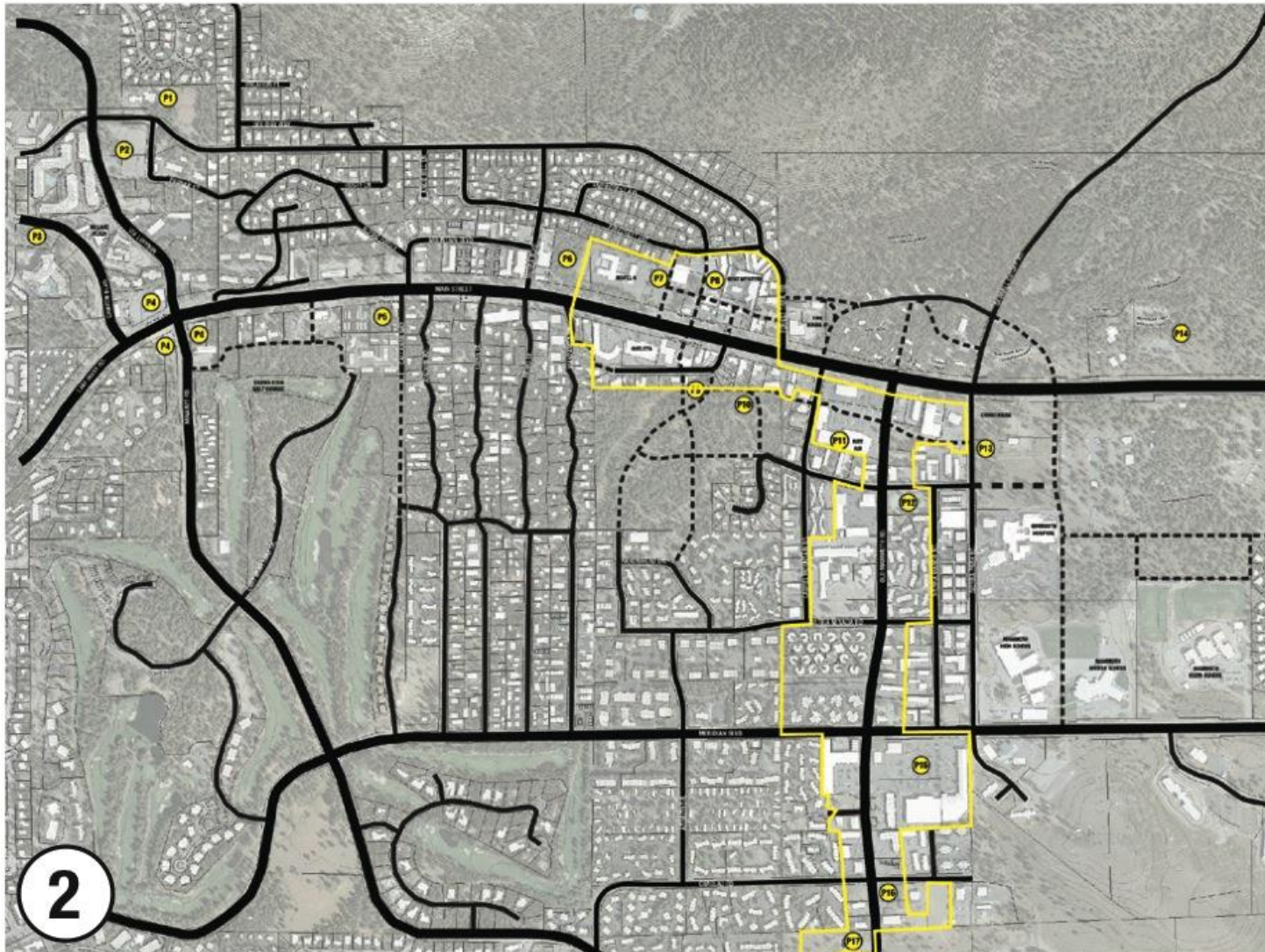
# Option 1: Contiguous District







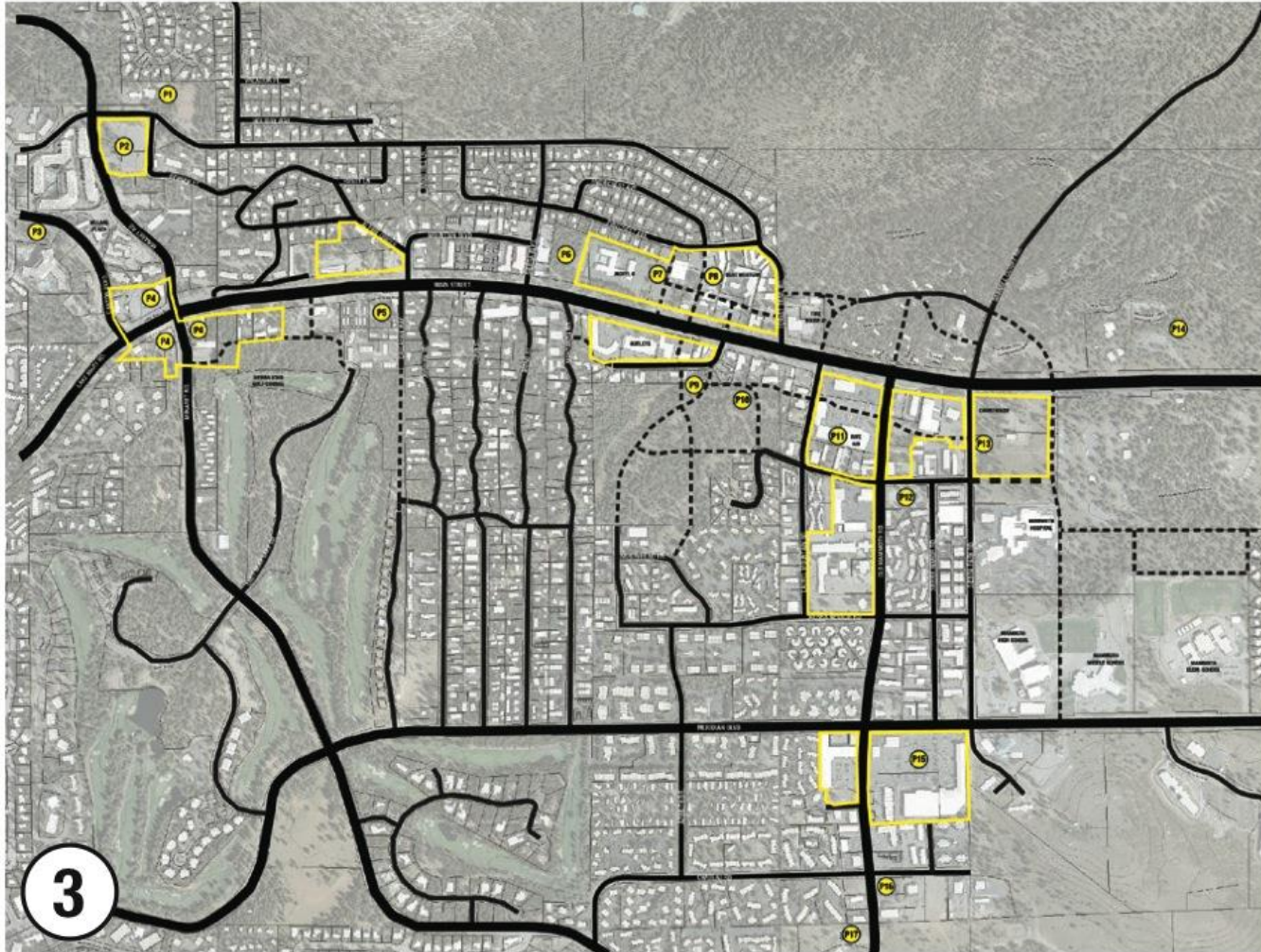
## Option 2: Focused Approach







# Option 3: Select Project Sites



**EAGLE LODGE BASE AREA**



**CANYON LODGE BASE AREA**

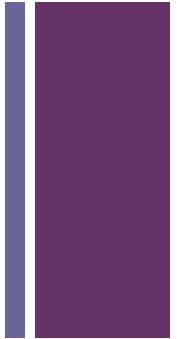


**MAIN LODGE BASE AREA**





# (E)IFD Revenue Generation Potential



CURRENT BASELINE ASSESSED PROPERTY VALUES	
OPTION 1: CONTIGUOUS DISTRICT	\$360 Million
OPTION 2: FOCUSED APPROACH	\$295 Million
OPTION 3: SELECT PROJECT SITES	\$125 Million
*ALL OPTIONS: MAMMOTH MOUNTAIN BASES	\$25 Million

CURRENT BASELINE ASSESSED PROPERTY TAXES COLLECTED	
OPTION 1: CONTIGUOUS DISTRICT	\$3,834,000
OPTION 2: FOCUSED APPROACH	\$3,141,750
OPTION 3: SELECT PROJECT SITES	\$1,331,250

# + (E)IFD Revenue Generation Potential



## POTENTIAL IFD REVENUE TO BE COLLECTED IN YEAR #1

OPTION 1	\$57,000
OPTION 2	\$47,000
OPTION 3	\$20,000

## POTENTIAL IFD REVENUE TO BE COLLECTED OVER 30 YEARS

OPTION 1	\$2.7 Million
OPTION 2	\$2.25 Million
OPTION 3	\$950,000

## POTENTIAL ADDITIONAL IMPACT OF NEW DEVELOPMENT

\$15 Million of new development	\$80,000 (1st year) / \$3.9 Million (30 years)
\$30 Million of new development	\$160,000 (1st year) / \$7.8 Million (30 years)
\$60 Million of new development	\$320,000 (1st year) / \$15 Million (30 years)

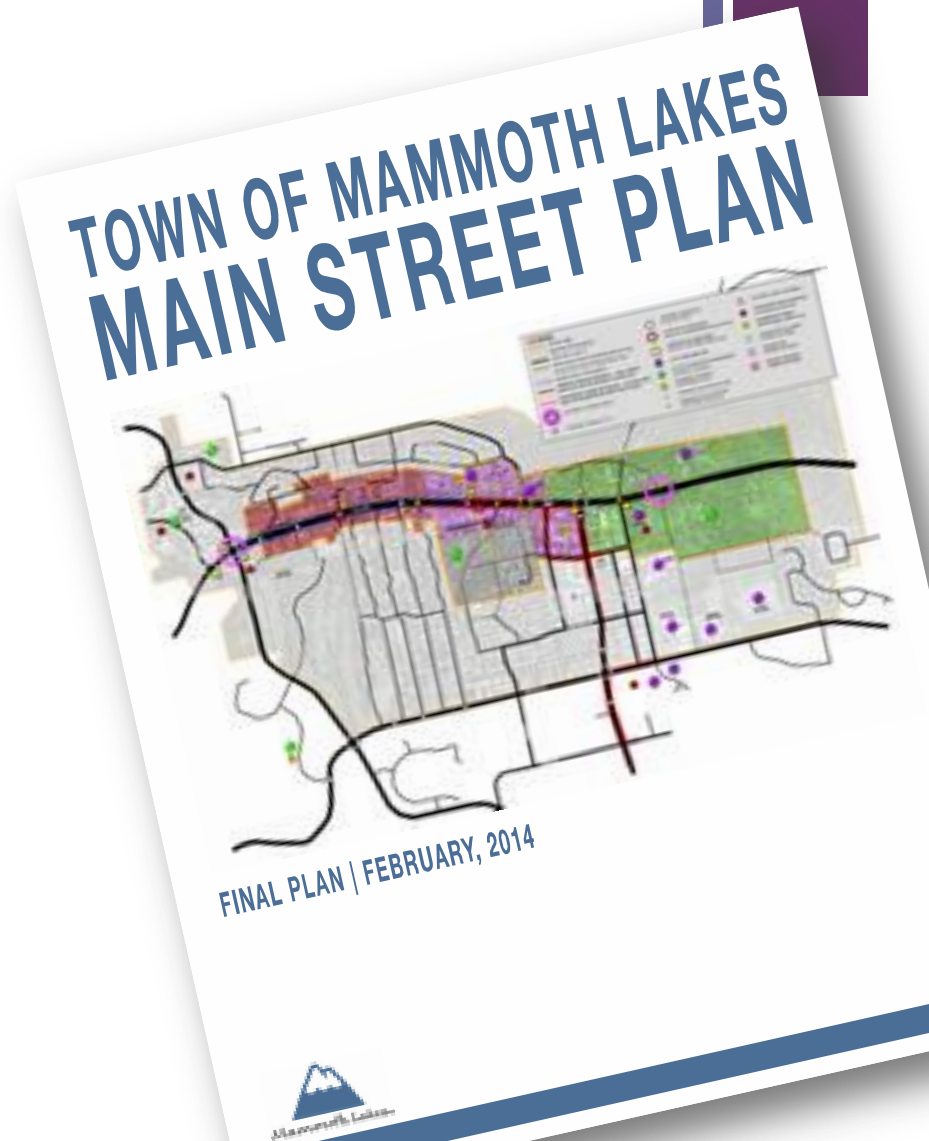
# + Taxing Authority Negotiations

- Town of Mammoth Lakes
- Mono County
- Mammoth Community Water District
- Mammoth Lakes Fire Protection District



# + Funding Priorities

- Parking
  - Where?
- Main Street Utilities
- Main Street Improvements
- What else?





# Other Issues



- IFD Communications

- Differentiating this from PBID, Tourism District, etc.

- Timelines

- When/how quickly do we move forward

- Governance

# + Next Steps

- Identify costings on priority projects
- Refine revenue scenarios based upon boundaries, updated numbers, new developments
- Strategy to engage taxing bodies
  - Understand potential impact to them
- Make a case for need of the district and establish goals for it (part of the requirement of the resolution of intent)





# Thank You!!!

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